

Attachment 3

Minutes of the June 2010 AEC Meeting



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
June 23, 2010
ACCOUNTING EDUCATION COMMITTEE (AEC) MEETING

University of Southern California Orange County Center
 2300 Michelson Drive, Classroom C
 Irvine, California 92612
 Telephone: (949) 437-0000

ROLL CALL AND CALL TO ORDER.

Ruben Davila, Chair, called the meeting of the AEC to order at 10:16 a.m. on Wednesday, June 23, 2010 at the University of Southern California Orange County Center. Mr. Davila indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

AEC Members

Ruben Davila, Chair	10:16 a.m. to 3:44 p.m.
Donald Driftmier, CBA Member	10:16 a.m. to 3:44 p.m.
Sherry Anderson	Not Present
Betty Chavis	10:16 a.m. to 3:44 p.m.
Thomas Dalton	10:16 a.m. to 3:44 p.m.
Michael Moore	10:16 a.m. to 3:44 p.m.
Gary Pieroni	10:41 a.m. to 3:44 p.m.
Sara Seyedin	10:16 a.m. to 3:44 p.m.
Xiaoli "Charlie" Yuan	10:16 a.m. to 3:44 p.m.

Staff

Rich Andres, Information Technology Staff
 Deanne Pearce, Chief, Licensing Division
 Dominic Franzella, Manager, Licensing
 Jenny Sheldon, Licensing Coordinator

Other Participants

Sally Anderson, CPA, CBA Vice President
 Chrislynn Freed, USC
 Jon Ross, KPMG, PWC, E&Y, GT, Deloitte
 Hal Schultz, CalCPA
 Jeannie Tindel, CalCPA

II. Approve Minutes of the April 8, 2010 AEC Meeting.

It was moved by Mr. Driftmier, seconded by Mr. Moore, and unanimously carried by those present to approve the minutes (Attachment #1).

III. Informational Memorandum of SB 819's Impact on Mobility.

Mr. Franzella presented the memorandum (**Attachment #2**) for this item.

Mr. Davila made reference to the fact that the California Research Bureau has begun research regarding the 150-hour education requirement and its effect on mobility. He also indicated that the issue of mobility is something members will need to look at down the line.

Mr. Moore commented that he is concerned with satisfying the legislative intent and would applicants from out-of-state be allowed to obtain licensure in California without having to meet the specific education requirements established for the "hollow hours."

Mr. Dalton indicated he is concerned that if members make the education requirements overly burdensome it will create a market for students to obtain their education out-of-state and then come back to California to obtain licensure. Ms. Chavis stated she does not want to lose sight of the fact that members have a unique opportunity to set up a first-class program for the accounting profession.

Staff clarified that applicants who obtain education out-of-state must meet California's education requirement, including the additional 20 units of accounting study that the AEC is working to define, in order to be eligible for licensure.

Members discussed the need for outreach to students regarding the licensure requirements for their desired state of licensure.

Mr. Dalton stated that he is not concerned with the competency of students who have completed a master's degree or bachelor's degree in accounting but rather with students who obtain a degree in another subject area and then obtain a random additional 30 units with no thought by a faculty or any group as to the order or proper foundation of the courses. Mr. Dalton opined that those are the individuals that the Legislature and Center for Public Interest Law want members to take a look at in substitute for vetting by faculty.

Mr. Davila indicated that the discussions are moving ahead of the Agenda and need to move on to the next agenda item prior to going further into the discussion.

IV. Finalization of AEC Purpose Statement.

Ms. Pearce presented the memorandum (**Attachment #3**) for this item and asked for additional comments, edits, or suggestions from members.

Mr. Driftmier made a move to accept, which was not seconded. Mr. Davila recommended adding language to take in the needs, requirements, and constraints of the stakeholders involved.

Mr. Davila asked for the purpose statement to be re-worded by staff for consideration later in the meeting.

Discussion on this item resumed under Agenda Item VII.

V. Resource Information on Other States' Education Requirements.

Ms. Sheldon presented a memorandum (**Attachment #4**) for this agenda item outlining the education requirements for licensure in other states. Mr. Davila presented a supplemental memorandum (**Attachment #5**), which included a sample definition for the term "other academic work relevant to accounting and business" along with a chart designed to aid the members in allocating the 20 units of accounting study.

VI. Consideration on Defining Terms and Establishing a Framework for the 20 Units of Accounting Study.

Mr. Davila began the discussion on this agenda item (**Attachment #6**).

Ms. Sally Anderson thanked members for taking the time to serve on the committee. Ms. Anderson inquired as to whether members could consider allowing individuals with a law degree or a master's degree in disciplines such as taxation, finance, and accounting be allowed to become licensed without completing the additional 20 units of accounting study. Ms. Anderson indicated that in her experience firms do not usually hire people thinking they will need time to go back and obtain additional education prior to being eligible to apply for licensure.

Members discussed which subject areas should qualify as other academic work relevant to accounting and business. Members were in agreement that the subject areas should be as inclusive as possible to avoid creating barriers to entry for applicants with non-accounting majors.

Ms. Tindel commented that for years the Legislature had resisted allowing an increase in education because it did not want to negatively impact economically disadvantaged students and wanted the profession to remain broad and inclusive so that people could come into the profession from alternative routes. Ms. Tindel stated that she would like the committee to pursue a broad, inclusive approach to

allocating the units and that a possible idea would be to identify which subject areas will not be allowed rather than those that will be allowed.

Members discussed the level at which course work should be completed. Members were in agreement that the 20 units of accounting study should be completed at the upper division or higher level in order to ensure the rigor of the coursework.

Members discussed defining the term independent study and setting a unit limitation on independent study and internships. Mr. Dalton and Ms. Seyedin both recommended leaving the requirements for an independent study program to the discretion of the schools. Ms. Seyedin also stated that independent study and internships should be limited to accounting and business-related subjects.

Mr. Moore expressed concern over accepting course work from extension programs where there may be less oversight especially over the independent study programs. Members discussed the differences between on-line courses and independent study. Mr. Driftmier reminded members that the CBA already accepts course work and degrees from on-line, degree-granting universities and cautioned against trying to limit a format that is already determined to be acceptable for licensure.

Mr. Dalton commented that independent study and internships should be combined for purposes of defining acceptable subject areas and setting a unit limitation.

Discussion on this item resumed under Agenda Item VII.

VII. Future Meeting Dates.

Ms. Pearce began the discussion on this agenda item (**Attachment #7**). Members agreed to move the proposed July meeting to August to allow staff adequate time to develop draft regulatory language for presentation at the next AEC meeting.

At this time, AEC members resumed discussion of Agenda Item IV.

The new proposed statement was “To advise the CBA on accounting study requirements to enhance consumer protection through strengthening the competence of students as practitioners while considering the constraints and needs of stakeholders.”

It was moved by Mr. Driftmier, seconded by Ms. Seyedin, and unanimously carried by those present to approve the purpose statement.

At this time, AEC members resumed discussion of Agenda Item VI.

Members tentatively agreed that applicants should be limited to a maximum four units of independent study or internships in any of the approved subject areas.

Mr. Davila brought the discussion back to Mr. Moore's previous comment regarding extension programs. Members discussed the issue of whether courses completed through a college or university extension program are accredited and acceptable for licensure. Staff indicated that it would look into the matter and consult with legal counsel.

Mr. Davila moved the discussion to the allocation of the 20 units of accounting study and members discussed various combinations of units including master's degree programs.

Ms. Freed questioned whether accepting a master's degree in accounting would include master's degree in business taxation. Mr. Davila responded in the affirmative.

Members came to a tentative agreement that holders of a masters' degree in accounting or business taxation should be deemed to have met the 20 units of accounting study. Members also tentatively agreed that the 20 units should be comprised of a minimum of six units in accounting subjects and that no more than a total of four units can be completed via internship or independent study programs.

Staff indicated that it would consult with legal counsel regarding the ability to accept specific master's degrees in place of the 20 units of accounting study.

VIII. Public Comments

The CBA received a written comment on behalf of the AEC from Robert J. Yetman, Associate Professor of Accounting in the Graduate School of Management at the University of California, Davis (**Attachment #8**).

No further public comments were received.

ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 3:44 p.m. on Wednesday, June 23, 2010.

Ruben Davila, Chair

Prepared by Jenny Sheldon, Licensing Coordinator.

**DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY**

AEC Agenda Item II.
June 23, 2010

Draft
June 2, 2010

**MINUTES OF THE
APRIL 8, 2010
ACCOUNTING EDUCATION COMMITTEE (AEC) MEETING**

Holiday Inn Express
2224 Auburn Boulevard
Sacramento, CA 95821
Telephone: (916) 923-1100

ROLL CALL AND CALL TO ORDER.

Ruben Davila, Chair, called the meeting of the AEC to order at 10:23 a.m. on Thursday, April 8, 2010 at the Holiday Inn Express. Mr. Davila indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

AEC Members

Ruben Davila, Chair	10:23 a.m. to 4:30 p.m.
Donald Driftnier, CBA Member	10:23 a.m. to 3:45 p.m.
Sherry Anderson	10:23 a.m. to 4:30 p.m.
Betty Chavis	10:23 a.m. to 4:30 p.m.
Thomas Dalton	10:23 a.m. to 4:30 p.m.
Michael Moore	10:23 a.m. to 4:30 p.m.
Gary Pieroni	10:23 a.m. to 4:30 p.m.
Sara Seyedin	10:23 a.m. to 4:30 p.m.
Xiaoli "Charlie" Yuan	10:23 a.m. to 3:08 p.m.

Staff and Legal Counsel

Rich Andres, Information Technology Staff
Patti Bowers, Executive Officer
Veronica Daniel, Executive Analyst
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
Dominic Franzella, Manager, Licensing
Cindi Fuller, Renewal/Continuing Competency Unit Coordinator
Deanne Pearce, Chief, Licensing Division
Dan Rich, Assistant Executive Officer
Jenny Sheldon, Licensing Coordinator

Other Participants

Bruce Allen, California Society of Certified Public Accountants (CalCPA)

Ed Howard, Center for Public Interest Law (CPIL)

Hal Schultz, CalCPA

Jeannie Tindel, CalCPA

Ellen Glazerman, Ernst & Young

I. Welcome and Introductions.

AEC Chair Ruben Davila called the meeting to order on April 8, 2010 and asked AEC Members and CBA staff to introduce themselves.

II. Overview of Licensure Requirements and the Effects of Senate Bill 819 on the Pathways to Licensure.

Mr. Franzella presented the memorandum (**Attachment #1**) for this item.

Mr. Dalton questioned whether CPAs originally licensed under Pathway 1 would have the same mobility as those licensed under Pathway 2. Mr. Driftmier indicated that the National Association of State Boards of Accountancy has recognized California as substantially equivalent under the Uniform Accountancy Act. Mr. Davila identified this as an item staff can research.

Mr. Allen thanked the AEC members for their service. Mr. Howard and Ms. Glazerman echoed Mr. Allen's comment.

III. AEC Directives, Goals, and Staffing.

Ms. Pearce presented the memorandum (**Attachment #2**) for this item.

AEC Members discussed the purpose and objectives of the AEC and also identified several issues (**Attachment #3**) that will be discussed at future meetings. Mr. Davila pointed out that the requirements developed by the AEC will have a direct impact on students presently in the pipeline and therefore, there is a sense of urgency around the work of the AEC.

Mr. Howard commented that the scope of the statute was targeted at the hollow 30 units and it was not the intention of the statute to revisit the existing 24/24 requirement. Mr. Howard further stated the focus should be on courses that will help applicants become better practitioners and provide better services to consumers.

Mr. Davila expressed appreciation for Mr. Howard's comments and indicated that the AEC is looking at the 20 units of accounting study from multiple dimensions because the other 10 units of ethics courses and what is presently completed in

the undergraduate degree are key issues the AEC needs to be sensitive to when developing the 20 units.

IV. Discussion Regarding Composition of the Additional 20 Units of Accounting Study Required By Business and Professions Code Section 5093.

Ms. Sheldon presented the memorandum (**Attachment #4**) for this item.

Mr. Franzella presented a public comment (**Attachment #5**) received at the CBA office via e-mail from Professor Stan Deal with Azusa Pacific University.

AEC Members continued the discussion started under Agenda Item III regarding the purpose and objectives of the AEC identifying additional issues to be discussed during upcoming meetings.

Mr. Davila asked for consideration of the first question on page 3 of Agenda Item IV regarding the use of lower division, upper division, and graduate-level course work. There was a general consensus among members that course work should be completed at the graduate and/or upper division level. Allowing course work to be completed at the upper division level will allow students the flexibility of completing courses at a community college where costs are lower, thereby reducing a potential financial barrier to becoming licensed. Mr. Dalton and Mr. Moore agreed, but also indicated they were not completely opposed to allowing some lower division coursework.

Mr. Davila asked members for consideration regarding the subject matter allocation of the 20 units. Members discussed the matter and expressed varying opinions. Mr. Driftmier referenced the curriculum of the Master of Science in Accountancy programs from Cal Poly Pomona and California State University, San Bernardino (**Attachment #6**). No consensus was made other than a desire to maintain a level of flexibility how the units are allocated. Mr. Howard made a comment reminding members the purpose of these 20 units of additional education are intended to offset the loss of one year of the experience requirement. Staff were directed to research the education requirements of other states.

Members reached a tentative agreement to use the definitions of accounting and business-related subjects as outlined in Section 9.2 of the CBA Regulations.

Members discussed but came to no conclusion regarding a definition of independent study and whether internships and on-line education would be considered independent study. Members discussed but came to no agreement regarding the allowance, disallowance, and/or restrictions to be placed on independent study. Ms. Glazerman commented that limiting independent study may limit students who receive their education in states where independent study is very acceptable. Ms. Tindel commented that the legislature is not rejecting internships and that placing limits on the use of on-line education would restrict who could come into the profession. Mr. Howard expressed his agreement with

Ms. Tindel and also stated his belief that internships are beneficial for providing practical real-world experience. Staff were directed to research whether transcripts specify on-line courses, internships, and independent study. Staff were also directed to review the composition of undergraduate degrees offered by on-line colleges such as the University of Phoenix and Devry.

V. Introduction to the Bagley-Keene Open Meeting Act.

Mr. Duke presented the memorandum (**Attachment #7**) for this item. Mr. Duke advised the AEC members that all state bodies are subject to the Bagley-Keene Open Meeting Act, including advisory committees established by the CBA. Mr. Duke explained that the purpose of the Bagley-Keene Open Meeting Act is to facilitate accountability and transparency of governmental activities and protect the rights of citizens to participate in State government deliberations. Mr. Duke read the top ten rules of the Bagley-Keene Open Meeting Act, as identified by the Department of Consumer Affairs Division of Legal Affairs, and also answered questions regarding the meaning of a serial meeting and the ability to use subcommittees.

VI. Economic Travel - Official State Business

Mr. Rich presented the memorandum (**Attachment #8**) for this item. Mr. Rich advised AEC members of the requirement to complete a travel expense claim in order to receive reimbursement for travel expenses and reinforced the importance of using the most economic means of travel to meetings and also to hold meetings at low-cost or no-cost locations. Mr. Rich explained that for future AEC meetings members will receive a travel memorandum specifying the meeting location, driving directions, information related to airline reservations, and CBA staff contact information.

VII. Comments from Members of the Public.

ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 4:30 p.m. on Thursday, April 8, 2010.

Ruben Davila, Chair

Prepared by Jenny Sheldon, Licensing Coordinator.

Memorandum

AEC Agenda Item III.
June 23, 2010

To : AEC Members

Date : May 28, 2010

Telephone : (916) 561-4310

Facsimile : (916) 263-3672

E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager
Renewal/Continuing Competency & Client Services Units

Subject : Informational Memorandum on SB 819's Impact on Mobility

At the Accounting Education Committee's (AEC) April meeting, members discussed the impact the new licensure requirements taking effect January 1, 2014 could have on mobility. Although the topic of mobility was not a directive placed on the AEC by the California Board of Accountancy (CBA), in order to be responsive to members' request for additional information on the effects Senate Bill (SB) 819 had on mobility, this memorandum is being provided.

The primary purpose behind the elimination of Pathway 1 (the 120-unit licensure pathway), as brought on by the passage of SB 819, was to ensure that California maintained its National Association of State Boards of Accountancy's (NASBA) designation as a "substantially equivalent" state. NASBA determines substantial equivalency nationally by evaluating states' examination, education, and experience requirements. Had California maintained both Pathway 1 and Pathway 2 (the 150-unit requirement), NASBA indicated that California would no longer be deemed substantially equivalent. The loss of this designation would have greatly impacted California CPAs' ability to obtain practice rights in other states.

With the passage of SB 819 and the elimination of Pathway 1, California is assured of retaining its NASBA designation of substantial equivalency. All CPAs licensed prior to January 1, 2014 will be deemed substantially equivalent, whether they were licensed under the existing pathways or prior to the advent of pathways in 2002, thus greatly simplifying licensees' ability to obtain practice rights in other states.

Staff would like to point out that at its upcoming October 2010 conference, the CBA will be discussing the topic of mobility.

Memorandum

AEC Agenda Item IV.
June 23, 2010

To : AEC Members

Date : May 28, 2010

Telephone : (916) 561-4339

Facsimile : (916) 263-3672

E-mail : jsheldon@cba.ca.gov

From : Deanne Pearce, Chief
Licensing Division

Subject : Finalization of AEC Purpose Statement

At the April 8, 2010 Accounting Education Committee (AEC) meeting, members discussed establishing an official purpose statement for the AEC. During discussions members agreed the purpose statement should include the elements of enhancing the competence of students as practitioners and promoting consumer protection. If the AEC members wish to go forward with establishing a purpose statement, staff recommend the purpose statement be finalized at the upcoming June meeting. Based on the discussion, staff have incorporated members suggestions and have prepared the following draft purpose statement for consideration.

To advise the CBA on accounting study requirements to enhance consumer protection through strengthening the competence of students as practitioners.

Memorandum

AEC Agenda Item V.
June 23, 2010

To : AEC Members

Date : May 28, 2010

Telephone : (916) 561-4339

Facsimile : (916) 263-3672

E-mail : jsheldon@cba.ca.gov

From : Jenny Sheldon, Coordinator
Renewal/Continuing Competency Unit

Subject : Resource Information on Other States' Education Requirements

At the April 8, 2010 Accounting Education Committee (AEC) meeting, members requested additional information regarding the education requirements for Certified Public Accountant licensure in other states. The attached table outlines the education requirements for each state broken out by the total education requirement, accounting-related hours, business-related hours, and additional requirements and items of note. Below staff have identified a few educational requirements that members may be interested to know.

- Eight states (Alabama, Idaho, Illinois, Iowa, New Jersey, Rhode Island, Wisconsin, and Wyoming) accept a graduate degree in accounting in place of completing the specific accounting and business courses required for applicants with a baccalaureate degree.
- Three states (Louisiana, North Carolina, and Wyoming) place a limitation on the number of internship hours that may be applied toward the 150-hour requirement.
- Two states (New Mexico and Texas) require a minimum number of hours to be completed by physically attending courses on campus.
- Five states (Alabama, Louisiana, Nevada, Vermont, and West Virginia) require a certain number of hours to be completed in specific courses to fulfill the accounting- or business-related requirement.

Overall, staff identified three main methods used by other states to establish education requirements. First, and most common, is to specify the total number of accounting- and business-related course hours that are required and provide a listing of approved topics. Second, is to specify the total number of accounting- and business-related course hours and remain silent on approved topics. The third, is to outline the specific number of course hours to be completed in specific topics that will total the overall accounting- and business-related subject matter.

Attachment

Other States' Education Requirements

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Alabama	150 hours including a baccalaureate degree	33 hours including: 9 - financial accounting 6 - auditing 6 - taxation 3 - management accounting 3 - governmental and not-for-profit accounting 3 - accounting electives	27 hours including: economics, legal and social environment of business, business law, marketing, finance, organization, group and individual behavior, quantitative applications in business, communication skills, or business ethics	
	150 hours including a graduate degree in accounting	None specified	None specified	
Alaska	150 hours including a baccalaureate degree	24 hours including: accounting principles, intermediate accounting, income tax, cost accounting, auditing, advanced accounting, accounting theory, governmental accounting, or detection of fraud	9 hours including: 3 hours of business law; 3 hours of economics; and 3 hours of statistics, computer science, algebra, calculus, or mathematics	
Arizona	150 hours including a baccalaureate degree or higher	36 hours including at least 30 hours of upper level coursework	30 hours including: business administration, statistics, computer science, information systems or data processing, economics, finance, management, business law, advanced mathematics, advanced written or oral communication, and ethics	Upper level coursework is defined as courses taken beyond the basic level after any required prerequisite or introductory accounting course.
Colorado	150 hours including a baccalaureate degree or higher	27 hours including: a minimum of 3 hours in auditing; 21 hours in specialized accounting subjects including: cost accounting, tax, intermediate accounting, accounting theory and advanced accounting	21 hours of related courses in other areas of business (with no more than 6 hours in any one area) such as: business law, management, marketing, statistics, business communications, economics and finance	

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Connecticut	150 hours including a baccalaureate degree	36 hours, unspecified	30 hours in economics and business education	At least 60 hours in general education.
Delaware	Master's degree with a concentration in accounting	Not specified	Not specified	After August 1, 2012 - must have 150 hours including baccalaureate degree with an accounting concentration to include a minimum of 21 hours in accounting, auditing, and federal taxation.
	Baccalaureate degree with a concentration in accounting	Not specified	Not specified	
	Associate degree or a degree from an accredited 2-year college with a concentration in accounting	Not specified	Not specified	
District of Columbia	150 hours including a baccalaureate degree	24 hours in accounting subjects which includes but is not limited to: financial accounting, auditing, cost accounting, and federal income taxes	Minimum 3 hours in commercial law	
Florida	150 hours including a baccalaureate degree	36 hours of upper division courses including: taxation, auditing, accounting information systems, financial accounting, and cost/managerial accounting	39 hours of upper division courses including: at least 6 hours of business law covering contracts, torts, and uniform commercial code	
Georgia	150 hours including a baccalaureate degree	30 hours above the elementary level	24 hours in general business subjects	Elementary level course work is not defined.

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Hawaii	150 hours including a baccalaureate degree	24 hours at the undergraduate or graduate level including: financial accounting, auditing, taxation, and managerial accounting	24 hours at the upper division or graduate level including: economics, legal and social environment of business, business law, marketing, finance, organizational, group, and individual behavior, quantitative applications in business, communication skills, business ethics, globalization, total-quality management, computer science, human relations, or other business-type courses	
Idaho	150 hours including a baccalaureate degree	24 hours at the undergraduate or graduate level including: financial accounting, auditing, taxation, and management accounting	24 hours, unspecified	Courses must cover the identified topics but not necessarily in separate courses.
	150 hours including a graduate degree in business	24 hours if completed at the undergraduate level or 15 hours if completed at the graduate level including: financial accounting, auditing, taxation, and management accounting	None specified	
	150 hours including a graduate degree in accounting	None specified	None specified	
Illinois	150 hours including a graduate degree in business	24 hours if completed at the undergraduate level or 15 hours if completed at the graduate level including: financial accounting, auditing, taxation, and management accounting	None specified	
	150 hours including a graduate degree in accounting	None specified	None specified	
	150 hours including a baccalaureate degree in business	24 hours at the undergraduate or graduate level including: financial accounting, auditing, taxation, and managerial accounting	24 hours at the undergraduate or graduate level, unspecified	

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Illinois continued	150 hours including a baccalaureate degree or higher	24 hours at the undergraduate or graduate level with at least one course in each: financial accounting, auditing, taxation, and managerial accounting	24 hours, unspecified	
Indiana	150 hours including a graduate degree	24 hours if completed at the undergraduate level or 15 hours if completed at the graduate level including: financial accounting, taxation, and managerial accounting	24 hours in business administration and economics and can include: 6 hours of business and tax law, 6 hours of computer science	
	150 hours including a baccalaureate degree	24 hours at the undergraduate or graduate level including: financial accounting, auditing, taxation, and managerial accounting	24 hours in business administration and economics and can include up to 6 hours of computer science	
Iowa	150 hours including a graduate degree in business	24 hours including: financial accounting, auditing, taxation, and management accounting	None specified	Accounting hours shall not include elementary accounting or principles of accounting, internships or life experience. A graduate degree in accounting will be accepted in place of the specified accounting and business requirements.
	150 hours including a baccalaureate degree in accounting or business	24 hours including: financial accounting, auditing, taxation, and management accounting	None specified	
	150 hours including a baccalaureate degree	24 hours including: financial accounting, auditing, taxation, and management accounting	24 hours, unspecified	
Kansas	150 hours including a baccalaureate degree or higher	30 hours including: financial accounting, managerial accounting beyond an introductory course, auditing, income tax, and accounting systems beyond an introductory computer course	42 hours including: macro- and micro-economics plus one upper division economics course; <i>at least two courses</i> in the legal aspects of business or business law; college algebra or higher level course; statistics and probability theory; computer systems and applications; finance; management and administration; marketing; and production, operations research, or applications of quantitative techniques to business problems	An additional 11 hours of course work in written and oral communications is required.

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Kentucky	150 hours including a baccalaureate degree or higher	A minimum of 27 hours in courses containing in the course prefix the word "accounting" or a substantially-equivalent word	Maximum of 12 hours including: business, finance, marketing, management, economics, computers, statistics or accounting	All 39 hours can be completed in accounting subjects.
Louisiana	150 hours including a baccalaureate degree or higher	21 or 24 hours total depending on level completed: 6 - intermediate accounting (3 if completed at the graduate level) 3 - cost accounting 3 - income tax 3 - auditing 9 - accounting electives above the basic and beyond the elementary level	24 hours total including: commercial law (minimum 3 hours); economics; management; marketing; business communications; statistics; finance; information systems; mathematics; technical writing; computer science. May include up to 6 hours in industry-specific business courses.	Up to 6 hours for internship may be applied to the 150-hour requirement, but may not be used to meet the accounting or business courses requirement. Credit hours for repeated courses for which credit has been previously earned may not be applied to the 150-hour requirement.
Maine	150 hours including a baccalaureate degree or higher	15 hours including: accounting (minimum 3 hours), auditing (minimum 3 hours), and ethics	None specified	
Maryland	150 hours including a baccalaureate degree or higher	27 hours including: one course in each auditing, managerial or cost accounting, and U.S. Federal Income Tax; and 9 hours in financial accounting. Remaining hours in accounting electives	21 hours completed in 5 of 9 subject areas: statistics, economics, corporation or business finance, management, marketing, U.S. business law, business communication, quantitative methods, and computer science/information systems	3 hours in business ethics, accounting ethics, or philosophy of ethics. Note: course must be entirely devoted to study of ethics, a course titled "Legal and Ethical Environment of Business" is not acceptable.
Massachusetts	150 hours including a baccalaureate degree or higher	21 hours including: financial accounting, auditing, taxation, and management accounting	9 hours including: business law, finance, and information systems	
Michigan	Masters degree in accounting or business administration	Minimum 12 hours of graduate level accounting courses	None specified	

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Michigan continued	150 hours including a baccalaureate degree	30 hours in accounting subjects including no more than 6 hours in taxation	39 hours including: minimum of 3 but not more than 12 hours, in at least 5 of the following areas: business law, economics, ethics, finance, management, marketing, taxation, statistics, and business policy	
Minnesota	150 hours including a baccalaureate degree	24 hours if completed at the undergraduate level or 15 hours if completed at the graduate level including: financial accounting, auditing, taxation, and management accounting	None specified	Courses must cover the identified subjects but are not required to be in separate courses.
	150 hours including a baccalaureate degree	24 hours at the graduate or undergraduate level including: financial accounting, auditing, taxation, and management accounting	24 hours in unspecified courses, can include accounting courses	
	150 hours including a baccalaureate degree or higher	24 hours at the graduate or undergraduate level including: financial accounting, auditing, taxation, and management accounting	None specified	
Mississippi	150 hours including a baccalaureate degree or higher	24 hours at the graduate or undergraduate level including a minimum of 3 hours in each of the following: financial accounting, auditing, taxation, management/cost accounting, and government/not-for-profit accounting	24 hours at the graduate or undergraduate level which can include accounting courses	Total requirement is 48 hours in accounting- and business-related courses with minimums set for accounting courses.
Missouri	150 hours including a baccalaureate degree or higher with an accounting concentration	Minimum 33 hours including: at least one course in auditing, and minimum 18 hours of accounting courses at the upper division level	27 hours in accounting or other areas of business including: business law, statistics, economics, finance, marketing, management, information technology and business communications	Upper division level courses means courses taken beyond the elementary level.
Montana	150 hours including a baccalaureate degree or higher	24 hours of upper division courses including one each: financial accounting; auditing; taxation; and management accounting	24 hours of unspecified business courses	

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Nebraska	150 hours including a baccalaureate degree or higher	30 hours including: financial accounting theory and problems; cost and managerial accounting; tax preparation and planning; auditing; accounting information systems; governmental and not-for-profit accounting	36 hours including: macro- and micro- economics; business law; marketing; management; finance; business communication; business ethics; quantitative applications in business; principles of accounting	60 hours in general education must include: oral and written communication skills; mathematics; arts, natural sciences, social sciences and humanities; statistics
Nevada	150 hours including a baccalaureate degree or higher	30 hours above the introductory level including: 9 - financial accounting 3 - cost accounting 3 - auditing 3 - federal income tax 12 - accounting electives	24 hours at the undergraduate or graduate level in the following subject matter: behavior of organizations, business finance, business law, computers, data processing, economics, ethics in business, management, marketing, oral communication, quantitative applications in business, statistics, communication, legal and social environment	Additional 3 hours of business law. Introductory level is not defined.
New Hampshire	120 hours including baccalaureate degree or higher	None specified	None specified	After July 1, 2014 - must have 150 hours including a baccalaureate or higher degree including 30 hours in accounting courses and 24 hours in non-accounting business courses.
New Jersey	150 hours including a graduate degree from a school of business	24 hours if completed at the undergraduate level or 15 hours if completed at the graduate level including: financial accounting, auditing, taxation, and management accounting	None specified	
	150 hours including a graduate degree in accounting	None specified	None specified	
	150 hours including a baccalaureate degree from a school of business	24 hours at the graduate or undergraduate level including: financial accounting, auditing, taxation, and management accounting	24 hours at the undergraduate level in business (other than accounting courses)	

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
New Jersey continued	150 hours including a baccalaureate degree	30 hours including: financial accounting, auditing, taxation, and management accounting	24 hours at the undergraduate level in business (other than accounting courses)	
New Mexico	150 hours including a baccalaureate degree or higher	30 hours in accounting, auditing, and auditing related courses.	None specified	15 of the 30 accounting-related courses must be taken by physically attending courses on campus.
New York	150 hours including a baccalaureate degree or higher in accounting	None specified	None specified	Must have an overall GPA in accounting subjects of "C" or better at the undergraduate level and "B" or better at the graduate level.
North Carolina	150 hours including a baccalaureate degree or higher	30 hours if completed at the undergraduate level or 20 hours if completed at the graduate level including: accounting principles courses at the elementary, intermediate and advanced levels; managerial accounting; business law; cost accounting; fund accounting; auditing; and taxation No more than 6 hours of accounting principles and no more than 3 hours of business law	None specified	Accounting internships do not count toward required accounting concentration.
North Dakota	150 hours including a baccalaureate degree or higher	24 hours of accounting courses, excluding principles of accounting courses	24 hours of other business courses, including up to 3 hours of economics	
Ohio	150 hours including a baccalaureate degree or higher	30 hours, unspecified	24 hours, unspecified	

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Oklahoma	150 hours including a baccalaureate degree or higher	21 hours above the introductory level including: financial accounting, accounting theory, cost/managerial accounting, federal income tax, governmental, not-for-profit accounting, accounting information systems, accounting history and other accounting electives With: at least one course in auditing or assurance	9 hours at the upper division level including: economics, statistics, business law, finance, business management, marketing, business communication, risk management, insurance, management information systems or computer science	76 of the 150 hours must be completed at the upper division level.
Oregon	150 hours including a baccalaureate degree or higher	24 hours, unspecified	24 hours in accounting and/or related subjects	
Pennsylvania	Baccalaureate degree or higher	24 hours including: accounting and auditing, business law, finance, or tax	None specified	
	150 hours including a baccalaureate degree or higher	36 hours including: accounting and auditing, business law, finance, or tax	None specified	
Rhode Island	150 hours including a graduate degree in business	24 hours if completed at the undergraduate level or 15 hours if completed at the graduate level in accounting	None specified	
	150 hours including a graduate degree in accounting	None specified	None specified	
	150 hours including a baccalaureate degree or higher	24 hours at the undergraduate or graduate level in accounting	24 hours at the undergraduate or graduate level in business (other than accounting courses)	

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
South Carolina	150 hours including a baccalaureate degree or higher	36 hours including: financial accounting, managerial accounting, taxation, and audit	36 hours including: macro and micro economics, finance, business law, management, computer science, marketing, and accounting excluding those required for accounting concentration	The 36 hours of accounting-related courses must be completed at the junior level or above.
South Dakota	150 hours including a baccalaureate degree or higher	24 hours at the graduate or undergraduate level including elementary principles of accounting and one course in each: intermediate or advanced accounting, auditing, taxation, and cost accounting	24 hours at the graduate or undergraduate level in business (other than accounting courses)	
Tennessee	150 hours including a baccalaureate degree or higher	24 hours with a minimum of 12 hours at the upper division level	24 hours with a minimum of 12 hours at the upper division level	
Texas	150 hours including a baccalaureate degree or higher	30 hours including: financial accounting and reporting, managerial or cost accounting, auditing and attestation services, internal accounting control and risk assessment, financial statement analysis, accounting research and analysis, taxation (up to 12 hours), financial accounting and reporting for governmental and/or other non-profit entities, accounting information systems (up to 12 hours), fraud, international accounting and financial reporting, or an accounting internship program	24 hours of upper level business courses including: business law, including study of the Uniform Commercial Code; economics; management; marketing; business communications (minimum of 2 hours); statistics and quantitative methods; finance; information systems or technology; and other areas related to accounting.	Additional 3 hours in ethics As of July 1, 2011 - will require a minimum of 2 hours in accounting or tax research and analysis. A minimum of 15 hours in accounting subjects must result from physical attendance at classes meeting on campus Accounting internships are capped at 3 hours.
Utah	150 hours including a graduate degree in accounting	None specified	None specified	.
	150 hours including a graduate degree in taxation or business	24 hours of upper division courses AND 15 hours of graduate courses in: financial accounting, auditing, taxation, and management accounting	None specified	

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Utah continued	150 hours including a baccalaureate degree in accounting or business	30 hours with a minimum of 12 hours at the graduate level including: financial accounting, auditing, taxation, and management accounting	None specified	
Vermont	Baccalaureate degree. This pathway to licensure will terminate July 1, 2014.	30 hours in accounting, auditing, and related subjects including: 6 - financial accounting 3 - auditing 3 - U.S. income tax 3 - U.S. business law	None specified	
	150 hours including a baccalaureate degree or higher	42 hours in accounting, auditing, and related subjects including: 6 - financial accounting 3 - auditing 3 - U.S. income tax 3 - U.S. business law	None specified	
Virginia	150 hours including a baccalaureate degree or higher	30 hours including: financial or intermediate accounting, management/cost accounting, taxation, and auditing (these four must be completed at upper division level)	24 hours, other than accounting, unspecified	
Washington	150 hours including a baccalaureate degree or higher	24 hours including 15 hours at the upper division or graduate level	24 hours in business administration subjects at the undergraduate or graduate level	
West Virginia	150 hours including a baccalaureate degree or higher	27 hours including: 6 - financial or intermediate accounting 6 - auditing or accounting information systems with a minimum of 3 hours in auditing 3 - taxation 3 - cost, managerial, governmental or not-for-profit accounting 9 - accounting electives	27 hours including: 3 - economics 3 - finance 3 - marketing 3 - statistics 3 - management 6 - business law 6 - business electives	Effective July 1, 2011, the 150 hours must include 3 hours in ethics to be counted as part of the 9 hours of accounting elective or 6 hours of business electives

State	Total Requirement	Accounting-Related Requirements	Business-Related Requirements	Additional Requirements and Items of Note
Wisconsin	150 hours including a graduate degree in accounting	None specified	None specified	
	150 hours including a baccalaureate degree from a school of business	24 hours at the undergraduate level or 15 hours at the graduate level including: financial accounting, auditing, taxation, and management accounting	None specified	
	150 hours including a baccalaureate degree	24 hours at the undergraduate or graduate level including: financial accounting, auditing, taxation, and management accounting	24 hours other than accounting	
Wyoming	150 hours including a graduate degree in accounting	None specified	None specified	Maximum of 6 hours of internships may count toward accounting and business subject matter requirements.
	150 hours including a baccalaureate degree	24 hours at the upper division or graduate level including: financial accounting and reporting, auditing and attestation services, managerial or cost accounting, taxation, fraud, internal controls and risk assessment, financial statement analysis, accounting information systems, or ethics	24 hours at the undergraduate or graduate level including: business law, economics, management, marketing, finance, business communications, statistics, quantitative methods, technical writing, information systems, or ethics	

Memorandum

AEC Agenda Item VI.
June 23, 2010

To : AEC Members

Date : June 21, 2010

Telephone : (916) 561-4339

Facsimile : (916) 263-3672

E-mail : jsheldon@cba.ca.gov

From : Jenny Sheldon, Coordinator
Renewal & Continuing Competency Unit

Subject : Supplemental Attachment to Agenda Item VI

Attached for your review is a supplemental document created by Mr. Ruben Davila, Accounting Education Committee (AEC) Chair. The attached document is intended to stimulate discussion amongst members and supplements the memorandum I prepared and circulated under this same agenda item.

Supplemental Attachment to Agenda Item VI

The following language and potential restrictions are proposed to facilitate discussion on course work that would qualify for the 20 units of additional accounting study beyond the baccalaureate degree required for licensure by Senate Bill (SB) 819. The Accounting Education Committee (AEC) should consider the significant amount of research material developed by the California Board of Accountancy (CBA) staff, in addition to the following language, in support of our efforts. We should develop a workable definition and a model that is responsive to the needs of relevant stakeholders while maintaining public protection as our primary objective.

Accounting and business courses are defined in Section 9.2 of the CBA Regulations. The definition and the related courses are well accepted and would be easily applied to the additional 20 units of accounting study required by SB 819. The specific definitions of accounting and business are provided on page one of the memo written by CBA staff member Jenny Sheldon, under this same agenda item.

As Ms. Sheldon noted in her memorandum, the CBA does not presently have a definition for the term 'academic course work relevant to accounting and business.' The AEC must develop a definition for this academic course work that can be incorporated into CBA Regulations. Regulatory language developed by the AEC should ensure that the courses taken by candidates are substantive and enhance the competency of candidates for licensure. The proposed language I have offered below interprets the concept broadly and I believe would allow a flexible range of courses to be taken while at the same time attempting to ensure that course work is substantive and meets the objectives of SB 819.

Other Academic Course Work Relevant to Accounting and Business might include those covering:

- important skills that enhance the ability to practice accounting or business such as communications, speech, writing, journalism, negotiations, critical thinking, logic, psychology, research, English, thesis, etc.
- established fields of study or science that are practiced in business or industry such as biology, medicine, real estate, engineering, chemistry, architecture, business related law courses such as corporations, mergers & acquisitions, SEC regulation, property, contracts, real property, bankruptcy, estate planning, etc.

The classes listed above are intended to be representative and not all inclusive. Any course list developed by the AEC may require modification if an area of study is deemed to fall under the heading of ethics education by the CBA's Ethics Curriculum Committee. Areas of study and potential requirements or limits in an area might include, but not limited to:

Education Requirements	Minimum/Maximum Units, if any	Upper or Lower Division	Independent Study	Internship	Established Degree or Certificate Program
Accounting					
Business					
Accounting and Business Related					
Ethics					

Memorandum

AEC Agenda Item VI.
June 23, 2010

To : AEC Members

Date : May 28, 2010

Telephone : (916) 561-4339

Facsimile : (916) 263-3672

E-mail : jsheldon@cba.ca.gov

From : Jenny Sheldon, Coordinator
Renewal/Continuing Competency Unit

Subject : Consideration on Defining Terms and Establishing a Framework for the 20 Units of Accounting Study

This memorandum provides Accounting Education Committee (AEC) members with information intended to assist in the development of the 20 units of accounting study. Staff believe that prior to establishing a framework (i.e. allocation of subject matter) for the 20 units of accounting study it is important for members to first come to a consensus on the definition for terms that will be used when establishing the framework.

Defining Terms

The definition of accounting study, provided in Senate Bill (SB) 819, includes independent study or other academic work in accounting, business, ethics, business law, or other academic work relevant to accounting and business, so as to enhance the competency of students as practitioners. Below staff have broken down the individual terms and provided relevant information including content gathered from the April AEC meeting for consideration of each definition.

Accounting and Business

During discussions at the April AEC meeting, members came to a general consensus that maintaining the existing definitions for academic work in both accounting and business as provided in Section 9.2 of the California Board of Accountancy (CBA) Regulations would be prudent. Section 9.2 identifies acceptable accounting subjects as: accounting, auditing, financial reporting, external or internal reporting, financial statement analysis or taxation. This section identifies acceptable business subjects as accounting, business administration, economics, finance, business management, marketing, computer science/information systems, statistics, business communications, mathematics, business law, or business related law courses offered by an accredited law school.

Ethics

There was also discussion among members at the April AEC meeting to defer defining appropriate ethics subject matter to the Ethics Curriculum Committee (ECC), as the ECC was established by SB 819 for the express purpose of recommending ethics study guidelines to the CBA. Though many appointments to the ECC have yet to be filled, staff is hopeful that the ECC will be meeting in conjunction with the next AEC meeting.

Independent Study or Other Academic Work

In considering a possible starting point for defining the term independent study or other academic work, members may wish to consider how the California Department of Education (CDE) defines independent study. The CDE finds that independent study offers flexibility to meet individual student needs, interests, and styles of learning by providing:

“an alternative instructional strategy where students work independently, according to a written agreement and under the general supervision of a credentialed teacher.”

Independent study and the phrase “other academic work” are not defined in CBA Regulation, therefore if either independent study or other academic work will be included as part of the 20 units of accounting study, members have much to consider. For example, should the terms independent study and other academic work be defined as one or are they mutually exclusive? Should the definition include internships?

Other Academic Work Relevant to Accounting and Business

The phrase “other academic work relevant to accounting and business” is extremely broad and could encompass a multitude of subject matter such as technical writing, risk assessment, or industry-specific business courses, which are included in a number of other states’ education requirements (**Agenda Item V**). Even languages and science courses have the potential to fall under this category.

During discussions on this topic at the April AEC meeting, members expressed an interest in knowing the acceptable subject matter for meeting the continuing education requirements for license renewal. At that time staff indicated that licensees must complete a minimum of 50 percent of the total required hours in technical subject matter including accounting, auditing, fraud, taxation, consulting, financial planning, ethics, regulatory review, computer and information technology,

and specialized industry or government practices. Approved non-technical subject matter, which can account for no more than 50 percent of the total required hours, includes communication skills, word processing, sales, marketing, motivational techniques, negotiation skills, office management, practice management, and personnel management.

As a starting point for discussion, members may wish to consider a public comment received at the CBA office from Professor Robert J. Yetman, Associate Professor of Accounting in the Graduate School of Management at the University of California, Davis (**Agenda Item VIII**). In the letter Professor Yetman recommended that courses providing general business knowledge, communication skills, and an understanding of the technology and sciences used by clients would be beneficial. Any or all of these subjects are open to consideration by members for inclusion in the definition of other academic work relevant to accounting and business.

Establishing a Framework

When it comes to considering how to establish a framework for the 20 units of accounting study, members have an infinite number of possibilities for allocating the units, which can consist of any or all of the subjects identified in SB 819 – accounting, business, ethics, business law, or other academic work relevant to accounting and business. Outlined below are some items members may wish to discuss regarding the framework of the 20 units of accounting study.

- Placing caps and/or setting a minimum number of units for specific subject matter.
- Specifically include independent study or other academic work.
- Remain silent on independent study or other academic work and require units to meet the standards already established in Section 5094 of the Accountancy Act.
- Placing a cap on the number of units a student is able to complete via independent study.
- Specifying the level (lower division, upper division, and/or graduate) at which units must be completed.
- Weighting the 20 units more heavily in accounting-related subjects.
- Weighting the 20 units more heavily in business-related subjects.

Defining Terms and Establishing a Framework for the 20 Units of Accounting Study
Page 4 of 4

- Weighting the 20 units more heavily in other academic work relevant to accounting and business.
- Keeping in mind the original 24/24 requirement does not require a certain number of units to be completed in any specific accounting or business subject area, do members feel that the additional 20 units of accounting study should be more narrowly defined?

To provide a tangible example of how the 20 units of accounting study could be allocated, on page four of Professor Yetman's letter, he recommends the 20 units be in accounting and/or business related topics as currently defined by the CBA. Of the 20 units, Professor Yetman suggests a maximum of 12 units could be in other academic work relevant to the practice of accounting with the additional requirement that the 12 units must be in at least two areas such that no more than six units may be in a single area. In making this recommendation, Professor Yetman expressed his opinion that what is missing from the present education requirements is not more accounting course work but "a better understanding of the business world accountants are called upon to serve."

As members commence discussions on this topic it is important to remember the composition of the 20 units of accounting study should strike a balance between ensuring students obtain the minimum technical skills necessary to competently enter the practice of public accountancy, thus enhancing consumer protection, while also maintaining a level of flexibility in course selection so as to avoid creating barriers into the profession for students.

As members reach agreements on these topics it is important to take formal action so staff can begin drafting potential regulatory language for consideration at future AEC meetings.

Memorandum

AEC Agenda Item VII.
June 23, 2010

To : AEC Members

Date : May 28, 2010

Telephone : (916) 561-4339

Facsimile : (916) 263-3672

E-mail : jsheldon@cba.ca.gov

From : Jenny Sheldon, Coordinator
Renewal/Continuing Competency Unit

Subject : Future Meeting Dates

Based on the Accounting Education Committee (AEC) members' availability, California Board of Accountancy staff has developed a timeline for future AEC meeting dates. The attached timeline outlines AEC meeting dates through August 17, 2010 and provides a summary of the proposed discussion topics for each meeting.

Additionally, the timeline includes an overview of the rulemaking activities associated with the 20 units of accounting study. In order to adopt the regulations necessary to implement the new 20 units of accounting study, the CBA must comply with the Administrative Procedure Act (APA), which establishes rulemaking procedures and standards for state agencies in California. The requirements set forth in the APA are designed to provide the public with a meaningful opportunity to participate in the adoption of state regulations and to ensure that regulations are clear, necessary and legally valid.

The dates provided for the rulemaking activities are the latest date each item can be completed in order to meet the deadlines established by the Legislature in Senate Bill 819. The timeline will be updated and brought back to AEC members at future meetings, as necessary.

Attachment



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



AEC Agenda Item VII.
June 23, 2010

ACCOUNTING EDUCATION COMMITTEE TIMELINE			
ITEM #	ITEM NAME	DATE	NOTES
1.	AEC MEETING SCHEDULE		
1.1	First Meeting	April 8, 2010	The inaugural meeting was held in Sacramento, CA. Members were provided an overview of the California CPA licensure requirements, an introduction to the Bagley-Keene Open Meeting Act, and information related to economic travel. The main focus of this meeting was initiating discussions regarding the composition of the additional 20 units of accounting study required for licensure beginning January 1, 2014.
1.2	Second Meeting	June 23, 2010	This meeting will be held at the University of Southern California Orange County Center. At this meeting members will approve the minutes of the April 8, 2010 meeting, finalize a purpose statement for the AEC, be provided resource information regarding other states education requirements, and continue discussions regarding the composition of the additional 20 units of accounting study.
1.3	Third Meeting	July 22, 2010	This meeting will be held in a Northern California location. Possible agenda items for this meeting include a review of applicant transcripts to determine the type of courses students are presently completing above the baccalaureate degree to meet the 150 hour requirement, discussing the availability of on-line coursework and determining if on-line courses are identified as such on transcripts, and discussing the affect of decisions made by the AEC including the financial impact on students and schools. Depending on the formal actions made at the June meeting, staff may be able to bring draft regulatory language for consideration of the AEC at this meeting.

Accounting Education Committee Timeline
Page 2 of 2

ACCOUNTING EDUCATION COMMITTEE TIMELINE			
ITEM #	ITEM NAME	DATE	NOTES
1.4	Fourth Meeting	August 17, 2010 or September 2010 CBA Meeting	This meeting will be held in a Southern California location. The agenda for this meeting will be dependent on the outcome of the second and third meetings of the AEC but will likely include a review of draft regulatory language and members providing guidance to staff regarding opportunities for outreach activities.
1.5	Additional Meetings	TBD	If the AEC requires further meetings to be scheduled beyond the three meetings tentatively scheduled for the summer of 2010, these meetings will be held in conjunction with future CBA meetings.
2.	RULEMAKING ACTIVITIES ASSOCIATED WITH THE 20 UNITS OF ACCOUNTING STUDY		
2.1	Finalize regulations regarding the 20 units of accounting study to be submitted to the CBA.	No Later Than June 2011	Staff have placed this date as a place holder since it will provide sufficient time to have the CBA adopt regulations by January 1, 2012 as required by SB 819.
2.2	CBA members review draft regulations.	No Later Than July 2011	If necessary, the language can be brought back to the CBA at the September 2011 meeting for further consideration.
2.3	Prepare initial rulemaking file, file notice of proposed rulemaking, and hold public hearing.	No Later Than Aug./Sept. 2011	This will include noticing the proposed regulations, providing a public comment period and conducting a public hearing.
2.4	Submit rulemaking materials to DCA to start final approval process.	No Later Than November 2011	The CBA has one year from the date the notice is filed to have the regulations approved by OAL.

Memorandum

AEC Agenda Item VIII.
June 23, 2010

To : AEC Members

Date : May 28, 2010

Telephone : (916) 561-4339

Facsimile : (916) 263-3672

E-mail : jsheldon@cba.ca.gov

From : Jenny Sheldon, Coordinator
Renewal/Continuing Competency Unit

Subject : Public Comments

As members may be aware, all meetings of the Accounting Education Committee (AEC) are webcast via a link on the California Board of Accountancy (CBA) Web site. Although webcast meetings increase the transparency of AEC activities, it does not allow for individuals viewing the webcast to provide comments during the meeting.

The CBA received one written public comment regarding the April 8, 2010 AEC meeting, which was viewed via webcast by approximately 39 individuals. The comment (**Attachment #1**) is dated April 24, 2010 and was submitted by Robert J. Yetman, Associate Professor of Accounting in the Graduate School of Management at the University of California, Davis.

There is a possibility that the AEC may receive future public comments via correspondence. Staff will continue to include a copy of all public comments received at the CBA office in the meeting materials for future meetings.



ROBERT J. YETMAN
ASSOCIATE PROFESSOR OF ACCOUNTING
GRADUATE SCHOOL OF MANAGEMENT
DAVIS, CALIFORNIA 95616-8609

PHONE: (530) 752-3571
FAX: (530) 752-2924
EMAIL: RJYETMAN@UCDAVIS.EDU

April 24, 2010

Mr. Ruben Davila, AEC Chair
c/o California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

Dear Mr. Davila,

I would like to provide my thoughts on the matters before the AEC, in particular how the additional 20 units of Accounting Study are to be assigned. I sincerely thank you and the committee for your kind consideration.

Let me start with a bit of information on myself, which can help frame my thoughts on the task before the AEC. I am currently a tenured professor in Accounting at the Graduate School of Management at UC Davis. I have taught Tax Accounting, Corporate Governance, Financial Accounting, Not-for-Profit Accounting, and Microeconomics. I am a CPA, and received my Masters in Accountancy at San Diego State University, my Ph.D. in Accounting at the University of North Carolina, and started my career as an accountant with Price Waterhouse in San Diego some 19 years ago. In addition to my duties at UC Davis I also serve as the primary Auditing and Accounting Consultant to the CalSTRS Board of Directors. As you may know, CalSTRS is the second largest pension system in the U.S. with roughly \$140 billion of assets under management.

My undergraduate degree is in Engineering, and I became an accountant as I found it more interesting and suitable to my disposition. Because I did not have an undergraduate degree in Accounting, I needed to find a Masters program that could give me all the accounting classes I needed in about one year (I could not afford a complete second undergraduate degree given my student loan debt), and San Diego State delivered.

I listened with great interest in the webcast of your first committee meeting, and I must complement you and your committee on the professionalism and pragmatism you bring to the task, the People of the Great State of California should be proud. However, in my opinion there are three primary issues that you and your committee should keep dearly in mind. The first is costs, and the second is accessibility, and the third is accounting myopia. I will start with costs.

Costs:

You and your committee have been given the ability to impose significant costs on educational institutions in this Great State, yet you have no ability to provide us with even a single dollar with which

to pay for those costs. I am sure you and your committee are well aware of the significant reductions in state funding for all state universities, a situation that is likely to be rather permanent. We can no longer look to the State for additional funding, and our students are at their financial breaking point as tuition and fees have risen rather sharply over the past few years. It is one thing to mandate additional courses and requirements, but it is quite another for the universities to figure out a way to staff these courses, pay for their content, and find a place to teach them. Keep in mind that some committee members represent schools which currently offer more than the 24 necessary accounting units, making it all too easy for them to suggest upping the accounting units as it would impose no cost on them. However, this is not the case with all institutions in California, and increasing the accounting units, even by one course, would impose significant costs on those schools, particularly on one year masters programs.

Teaching loads are fixed, and schools cannot simply offer additional accounting courses just because your committee mandates them. You might think we could simply staff those additional courses with lecturers or such, but this is not the case. Accreditation requirements under AACSB severely limit the amount of teaching that can be done by part time or even full time lecturers and you can be sure that due to budget issues most California universities are already at those limits. Thus any new accounting classes you mandate would need to be taught largely by new tenure track line faculty, and my question is: From whence will they come and by whom will they be paid? State funded California Universities are *shrinking*, not *growing*, there are no new faculty lines to be had. Thus it is imperative that you give us, the Universities in this Great State the maximum amount of flexibility to fulfill the requirements of SB 819 in plausible and pragmatic ways that meets both the spirit and law of SB 819. Currently California universities offer a host of non-accounting courses that would increase the quality of the practice of accounting, and I encourage you to permit those classes to be included as the 20 units of Accounting Study.

Accessibility:

It is well known that Accounting is a career of first generation college graduates. I myself am a first generation college graduate (my parents did not go to high school, much less college), and many Californians are similar. If you increase the necessary number of accounting units beyond 24 you will increase the burden of becoming a CPA in California, and would undoubtedly block out qualified candidates. This is especially true for one year Masters programs which are a very popular way for those in other fields, like myself, to join the accounting profession. These one year masters programs are a primary way for students from academically or economically challenged backgrounds to enter the profession because they are much less expensive than getting a second undergraduate degree in accounting. Again, it is imperative that you give us, the Universities in this Great State, the maximum amount of flexibility to fulfill the requirements of SB 819 so that we can minimize the impact on accessibility to the accounting profession, particularly access from those whose family backgrounds are economically or academically challenged.

Accounting Myopia:

According to Senate Bill 819 there is no requirement that the additional 20 units of Accounting Study include any additional accounting units. If the state legislature wanted additional accounting units, they would have asked for them ... but they did not. I believe the legislature knew exactly what they were

doing in this regard, and that they knew a myopic focus on additional accounting units was not in the best interest of the People of the Great State of California.

To the extent that the spirit of the law is to trade off the additional one year of experience for additional accounting expertise via education, I believe that this additional one year of education should in fact be in anything but additional accounting units. Auditing, attestation engagements, and tax engagements demand a more thorough and complete knowledge of the complex business environment that exists in today's economy, and this is especially true in California. One additional class in auditing or tax accounting will do little to enhance the abilities of an accountant, but additional courses in economics, business, management, and even other areas such as psychology, sciences, technology, or communications would be far more valuable.

Never once in my career have I been told "Gosh Bob, if only you had taken one more Cost Accounting class you would be a really good accountant". What I really could have used is more general business knowledge, more communication skills, and more understanding of the technology and sciences of my clients. Accounting firms are great at providing technical accounting education to their staff, and annual Continuing Education classes are good at enhancing technical accounting skills. But neither the accounting firms nor CE classes provide much in the way of general business understanding or a broader understanding of the technical aspects of our clients businesses. The reason is that they simply can't, they have neither the expertise or experience in the sciences, or communications, or technology, etc. However, we, your state Universities, can offer expertise in those areas.

In my opinion a myopic focus on additional accounting units will weaken, not strengthen, future accountants, and I believe the legislature knew this, and this is exactly why they did not mandate any additional accounting units. You and your committee have this wonderful one-time opportunity to truly have a lasting positive impact on the accounting profession in this important way. I encourage you to avoid the tendency to throw more accounting classes into the mix simply in a misguided attempt to appease the writers of SB 819. If they wanted more accounting units, they would have specifically asked for them. Leaving out more accounting does not mean you are "not doing anything". In fact, the opposite is quite true. Certainly the extra 10 units of Ethics is "doing something" that no other state does. Plus, simply requiring that the extra 20 units be in some pre-defined set of classes related to the practice of accounting is "doing something" very important. But those extra units need not be in accounting to be "doing something".

Summary and Recommendations:

Based on my professional experiences over some combined 19 years as a practicing CPA and accounting educator, I believe that the current requirement of 24 semester hours of Accounting is sufficient to produce high quality CPAs. More accounting is not what is missing. What is missing is a better understanding of the business world accountants are called upon to serve. Do not be tempted to simply throw in more accounting units as an attempt to appease any special interest group, particularly if that group does not consist of CPAs or accounting educators.

Additional accounting hours will only serve to raise the costs, perhaps prohibitively, of providing an accounting education, thus reducing the opportunities for Californians to become accountants. Additional accounting hours will only serve to block out people like myself, and others who come from

educationally and economically disadvantaged backgrounds. Additional accounting courses will only serve to increase the myopic concentration on accounting technical skills, at the expense of increasing the host of other skills today's accountants truly need.

I respectfully recommend that:

The 20 units of Accounting Study be in either accounting AND/OR business related topics as currently defined by the CBA (with reference to the current 24/24 requirements). Of these 20 units, a maximum of 12 units may be in other academic areas relevant to the practice of accounting. These 12 units must be in at least two areas such that no more than 6 units may be in a single area.

I think reasonable choices for those additional 12 units can be identified by your committee, but I suggest any hard science like medicine, biology, physics, engineering, etc. In addition, those areas dealing with human interaction, such as psychology and communication, both written and oral, would make good choices. Of course, identifying what courses meet these requirements will involve some work by both your committee and the CBA, but nothing really worth having ever comes easy. Do not buy into the argument that students might take these other 12 units in "basket weaving". I can assure you no course in "basket weaving" is offered at the University of California, and even if it was do you really think that any respectable accounting firm would hire someone who willingly took their elective classes in "basket weaving"? Accounting students are an honest, hardworking bunch of kids who do not shy from the tough task of rigorous coursework. You should have some faith in your California Universities and the talented students we teach.

The above suggestion would provide the necessary flexibility to deal with the cost and accessibility issues while ensuring the spirit of SB 819 is met, that California CPAs be the best prepared to tackle the tough job of providing accounting, attestation, tax, and other services to the complex business environment they face in the Great State of California.

It is with the greatest humility that I thank you and your committee for your kindest consideration and remain,

Yours Truly,

Robert J. Yetman, Ph.D., CPA